

BUDGET, FINANCE & INVESTMENT COMMITTEE

December 5, 2013

5:30 P.M.

Courthouse

MINUTES:

Members Present:

Comm. Charlie Baum
Comm. Joe Frank Jernigan
Comm. Will Jordan
Comm. Robert Peay
Comm. Steve Sandlin
Comm. Doug Shafer
Comm. Joyce Ealy, Chr.

Others Present:

Ernest Burgess
Teb Batey
Larry Farley
Lisa Nolen
Laura Bohling
Tharrel Kast
Jeff Sandvig

Others Present:

Joe Russell
Robert Arnold
Jeff Davidson
Elaine Short
Mark Tucker
Jay Brown

Chairman Ealy presided and called the meeting to order with all members being present.

APPROVE MINUTES:

Comm. Shafer moved, seconded by Comm. Jernigan to approve the minutes of the November 7, 2013 Budget Committee meeting as mailed.

The motion passed unanimously by acclamation.

INVESTMENT REPORT:

Mr. Teb Batey, Trustee, presented the monthly Investment Report for the use and information of the committee advising that the CD bid this month was at .16% for 90 days. The LGIP interest rate for the month was .09%.

Comm. Sandlin moved, seconded by Comm. Jordan to approve the Investment Report as presented.

The motion passed unanimously by acclamation.

FUND CONDITION REPORT:

Lisa Nolen, Finance Director, presented the monthly Fund Condition Report for the use and information of the committee advising that the Development Tax collections for the month of November totaled \$596,250 with the year-to-date collections being \$1,986,750. This amount was up significantly over previous months, with the increase being 312 apartments in Murfreesboro. This compared to the previous year when the monthly Development Tax collections were \$212,250, and the year-to-date collections were \$746,250.

The committee reviewed the fund cash balances totaling \$135,801,659 with operating funds being \$124,268,060 and borrowed funds being \$11,533,599. This compared to the same period last year when the total cash balances were \$140,703,139 with operating funds being \$117,664,944 and borrowed funds being \$23,038,195.

The Finance Director noted that the school system will be requesting some amendments to eliminate the negative balances in the Smyrna Primary line item.

The Finance Director reviewed the revenue collections advising that the General Fund revenue was at 27.5% of budget, which is at a level higher than previous years to this point. This is due to increase in hotel/motel tax, wheel tax and development tax collections.

It was also noted that sales tax collections in rural areas were up by 23% as reflected in the Solid Waste Fund. The Solid Waste Fund also sold surplus equipment during the month, which reflected an increase in the other local revenues category.

Following review, Comm. Jordan moved, seconded by Comm. Peay to approve the Fund Condition Report as presented.

The motion passed unanimously by acclamation.

RISK MANAGEMENT

Risk Management Financial Report:

The Finance Director presented the monthly Risk Management Financial Report for the use and information of the committee advising that the cost per employee per month for the medical, dental and vision program was \$763.37 compared to \$811.15 for the prior year. The average cost per month was \$824.15 compared to \$868.83 for the prior year. When including the on-site medical clinics, the average cost per employee per month was \$863.33 compared to \$901.44 for the prior year for a trend of -4.2%.

For the Work Injury Fund performance, the year-to-date claims totaled \$218,918.91 compared to \$376,882.82 for the prior year. She also noted that a large claim related to the general fund would be coming through in the next two months.

Comm. Sandlin moved, seconded by Comm. Jernigan to approve the Risk Management Financial Report as presented.

The motion passed unanimously by acclamation.

Change to Flexible Spending Account

The Finance Director explained a recent change in IRS regulations which will allow an employee to carryover \$500 of unspent funds from their annual election into the next calendar year. This is also the recommendation of the insurance committee. This change will replace the current option of the 2 ½ month grace period.

Comm. Jordan moved, seconded by Comm. Sandlin to approve the change in the flexible spending account to allow \$500 to be carried over to the next calendar year beginning with the 2013 calendar year.

The motion passed unanimously by roll call vote.

Change To 2015 Pre-65 Retiree Insurance Premiums

The Finance Director gave an overview of the proposal recommended by the insurance committee related to the changes in the 2015 pre-65 retiree premiums. Jay Brown, Cowan Benefit Services, gave details of the change which entails blending the premium rates of the retirees with the premium rates of other active employees. This change will better stabilize the premiums for the retirees in coming years. Making these changes now allows time to review the rates prior to preparing the budget.

The other proposal recommended by the insurance committee is to offer a \$500 per month subsidy and allow the retirees to get coverage elsewhere. The retiree can elect this option during annual open enrollment once during the time that the retiree is classified as a pre-65 retiree. Once the pre-65 retiree makes this election, they can't return to the County insurance plan until they become Medicare eligible. Once they become Medicare eligible, they must return to the County plan within 30 calendar days of turning Medicare age to receive continued support from the County as defined in the Rutherford County Retirement; Medical Plan Eligibility and Benefit Information. Otherwise, their benefits with the County cease.

Finance Director Nolen stated that blending the retiree rate with the active rate will increase the annual required contribution and the unfunded liability. Allowing retirees to leave the County plan would help offset some of the increase.

Comm. Jordan moved, seconded by Comm. Baum to approve the change in the 2015 pre-65 retiree insurance rates by blending the rates with other active employees or to allow the retiree to receive a \$500 per month subsidy or the adequate rate, whichever is less, and allow the retiree to leave the County plan to obtain coverage elsewhere.

Prior to the vote, Commissioners Shafer, Peay and Jernigan made statements to disclose that they or their spouses are employees of the County and have a conflict of interest on the matter about to be voted on. They declared that their argument and vote answer only to their conscious and to the obligation to their constituents and citizens that the voting body represents.

The motion passed unanimously by roll call vote.

GENERAL FUND BUDGET AMENDMENTS

SHERIFF'S DEPARTMENT:

Joe Russell, Chief Deputy, was present to request approval of a budget transfer for the Sheriff's Department to provide funding for repairs to server equipment:

From:	101-54110-709 – DP Equip. -	\$ 15,000
To:	101-54110-336 – R/M Serv. Equip -	\$ 15,000

Also presented were the following amendments:

To recognize revenue from donations for K9		
Increase Revenues:	101-44570 – Donations -	\$ 670
Increase Expend.:	101-54110-401 – Animal Supplies -	\$ 670

To recognize revenue from donations for SCAN and memorial garden		
Increase Revenues:	101-44570 – Donations -	\$ 1,004
Increase Expend.:	101-54110-499 – Other Supplies -	\$ 954
	101-54110-399 – Other Contracts -	\$ 50

To recognize revenue from sale of materials for Explorers, vegetable garden and memorial garden		
Increase Revenues:	101-44130 – Sale of Materials -	\$ 1,300
Increase Expend.:	101-54110-399 – Other Contracts -	\$ 89
	101-54210-499 – Other Supplies -	\$ 1,211

To recognize revenue from sale of recycled materials for vegetable garden		
Increase Revenues:	101-44145 – Sale of Recyc. Mat. -	\$ 4,767
Increase Expend.:	101-54210-499 – Other Supplies -	\$ 4,767

To recognize revenue from other agencies for inservice and Murfreesboro's portion of firing range		
Increase Revenues:	101-48130 – Gov. Agency Cont. -	\$ 20,058
Increase Expend.:	101-54110-196 – Inservice -	\$ 16,950
	101-54210-335 – R/M Bldgs -	\$ 3,108

To recognize revenue from SCAAP Grant for translating inmate manuals to spanish		
Increase Revenues:	101-47990 – Direct Federal Rev. -	\$ 4,128
Increase Expend.:	101-54210-349 – Jail Printing/Mat. -	\$ 4,128

To recognize revenue from Shop with the Sheriff fundraisers		
Increase Revenues:	101-44570 – Donations. -	\$ 9,516
Increase Expend.:	101-54110-399 – Other Contracts -	\$ 9,516

Comm. Peay moved, seconded by Comm. Jernigan to approve the budget transfer and amendments for the Sheriff's Department as requested.

The motion passed unanimously by roll call vote.

DRUG CONTROL FUND BUDGET AMENDMENT:

Joe Russell requested approval of the following budget amendment to recognize revenue from an insurance claim and is allocating those funds to the narcotics new vehicle line item:

Increase Revenues: 122-49700 – Narc. Ins. Recovery -	\$ 3,427
Increase Expend.: 122-54150-718 – Narc. New Vehicle -	\$ 3,427

Comm. Sandlin moved, seconded by Comm. Jernigan to approve the budget amendment for the Drug Control Fund as requested.

The motion passed unanimously by roll call vote.

SPECIAL PURPOSE (DEA) FUND BUDGET AMENDMENT:

Joe Russell requested approval of the following budget amendment recognizing revenue in the amount of \$17,985 received from Asset Forfeitures and appropriating it for Confidential Drug Enforcement:

Increase Revenue: 121-47700 – Asset Forfeitures -	\$17,985
Increase Expend.: 121-54110-319 – Conf. Drug Enfor. -	\$17,985

Comm. Sandlin moved, seconded by Comm. Peay to approve the budget amendment for the Special Purpose (DEA) Fund as requested.

The motion passed unanimously by roll call vote.

AMBULANCE SERVICE FUND BUDGET AMENDMENT:

Lisa Nolen requested approval of the following budget amendments to recognize funds received from Stonecrest Hospital to fund the paramedic scholarship program and to increase funds to be paid to the Self Insurance Fund for liability claims:

Increase Revenues: 118-44570 – Contribution/Gifts -	\$ 6,000
Increase Expend.: 118-55130-524 – Inservice/Staff Dev. -	\$ 6,000
Decrease: 118-34730 – Assigned for Public Health -	\$ 25,000
Increase Expend.: 118-55130-505 – Judgements -	\$ 25,000

Comm. Jordan moved, seconded by Comm. Shafer to approve the budget amendments for the Ambulance Service Fund as requested.

The motion passed unanimously by roll call vote.

SCHOOL BUILDING PROGRAM FUND BUDGET AMENDMENT:

Jeff Sandvig, Assistant Superintendent, presented a proposed clean up budget amendment for the Building Program to true up line items within the budgets for existing projects including an \$85,000 transfer from the Stewarts Creek High project to the Smyrna Primary School project. The \$85,000 has already been shared with the City since it was transferred from the General Purpose school fund balance. The funds were transferred to Stewarts Creek High because the School Board was concerned there would not be enough money to cover furniture, fixtures and equipment, especially for the CTE classes. Some of the items were also purchased from the 2012/13 General Purpose School budget because of this concern. For Stewarts Creek High School the amendments between line items total \$4,561,693 and for Blackman Middle Annex the amendments between line items total \$958,295. For the Eagleville Phase 2 Addition \$18,675 is being transferred to Architect's Fees from Engineering Fees. The \$160,694 remaining in that project is being left there for any late items or the Phase 1 Addition.

Comm. Jernigan moved, seconded by Comm. Sandlin to approve the budget amendments for the School Building Program Fund as requested.

The motion passed unanimously by roll call vote.

DEBT SERVICE FUND BUDGET AMENDMENT:

Lisa Nolen requested approval of the following budget amendment to recognize funds received from the new capital outlay note and to reflect changes in the expenditure accounts for the payoff of the old capital outlay note:

Decrease Revenues: 151-49100 – Bond Proceeds -	\$9,300,000
Increase Revenues: 151-49200 – Note Proceeds -	\$9,300,000
Decrease Expend.: 151-51900-699 – Other Debt Iss. Charge -	\$ 14,700
Increase Expend.: 151-82310-606 – Other Debt Iss. Charge -	\$ 2,205
Increase Expend.: 151-82330-606 – Other Debt Iss. Charge -	\$ 12,495
Decrease Expend.: 151-99300-699 – Other Debt Service -	\$9,300,000
Increase Expend.: 151-82110-602 – Principal on Notes -	\$1,395,000
Increase Expend.: 151-82130-602 – Principal on Notes -	\$7,905,000

Comm. Jordan moved, seconded by Comm. Peay to approve the budget amendments for the Debt Service Fund as requested.

The motion passed unanimously by roll call vote.

REQUEST FOR INSTALLATION OF DIGITAL NATIONAL WARNING SYSTEM:

Tharrel Kast, EMA Director, provided information about the DNAS (Digital National Warning System) TEMA is currently in the process of purchasing and installing at one location for each county. TEMA will provide the system with the first year service and installation at no cost to the County, but the system needs to be installed where it is monitored on a 7/24 basis. The current system is located at the Murfreesboro Police Department but Mr. Kast is in discussions with the Sheriff on placing the new system at the jail. After the first year the County will be responsible for the cost of the service and a decision needs to be made on which tier package the County should purchase. The Public Safety Committee recommended a tier 4 system by a vote of 5-1. Tier 4 service costs \$2,359.70 per year. This service provides voice and data communication and internet and satellite redundancy.

Comm. Jernigan moved, seconded by Comm. Sandlin to approve the tier 4 package.

The motion passed by roll call vote with Commissioner Peay voting “no.”

REQUEST TO APPLY FOR ASSISTANCE TO FIREFIGHTERS GRANT:

Larry Farley, Fire Chief, presented information for an Assistance to Firefighters grant for a pumper. Chief Farley also distributed a maintenance cost document for all vehicles in the fire fleet. This apparatus would replace unit 102 which currently has high maintenance costs. The Public Safety committee approved the grant application unanimously. The grant requires a 10% match.

Comm. Sandlin moved, seconded by Comm. Peay to authorize Chief Farley to apply for the grant in an amount not to exceed \$350,000.

The motion passed unanimously by roll call vote.

EXTENSION OF LEASE WITH USDA AT LANE AGRI-PARK:

Mayor Burgess requested approval to sign an extension of the current lease with USDA at Lane Agri-Park while a new lease is being negotiated. The current 10 year lease expired on November 30, 2013. They have requested a new five year lease with an additional five year option. While

the new lease is being approved and processed, they would like to extend the current lease, with the same terms, from December 1, 2013 up to September 30, 2014.

Comm. Jordan moved, seconded by Comm. Shafer to authorize the Mayor to sign the lease extension.

The motion passed unanimously by roll call vote.

APPROVAL OF FUNDING FOR PLANNING, DESIGN AND CONSTRUCTION OF JUDICIAL BUILDING AND PARKING

Mayor Burgess and Lisa Nolen addressed the committee concerning the status of the project. Mayor Burgess added that Property Management and Public Safety have been updated on the project. Funding for design fees will be about \$4 million, which includes contingency and inflation. The status of where to build the parking facility is still being debated. If the parking facility is not added to the site where the County Clerk's office is, funding will be required of about \$1 million to acquire property.

Comm. Peay moved, seconded by Comm. Jordan to authorize allocating \$5 million from a future bond issue for the acquiring of property, planning, design and construction of the new Judicial Building and parking facility.

The motion passed by roll call vote with Commissioner Sandlin voting "no."

2014-2015 BUDGET CALENDAR

A proposed 2014-15 Budget Calendar was presented for approval. The calendar called for the budget forms to be distributed to the departments by January 10, 2014. The calendar called for the regular Health & Education Committee meeting on May 27, 2014 to be a joint meeting with the Budget Committee to review the School Board budgets. The Budget Committee would meet on May 28, 2014 to review the School Board budgets with a proposal on the entire budget for publication being made at a meeting on June 4, 2014. The proposed recommended budget would be published in the newspaper on Sunday, June 15, 2014. The public hearing on the budget is scheduled for June 17, 2014. The County Commission meeting to adopt the budget was scheduled for June 27, 2014 at 9:00 A.M.

PRESENTATION OF FORM CT-0253 RELATED TO CAPITAL OUTLAY NOTE

As a requirement of debt issuance, Form CT-0253, related to the Series 2013 General Obligation Capital Outlay Notes that closed on December 5, 2013, was presented to the Budget Committee for their review.

ADJOURNMENT:

There being no further business to be presented, Chairman Ealy declared the meeting adjourned at 7:02 P.M.

Mark Tucker, Secretary